

Top Secret

POLAND: Debt Problems Unresolved

A Polish official has denied media reports that Poland has met its interest payments to Western banks. The government, meanwhile, is trying to create the impression that it is holding talks with Solidarity and has dissolved a student organization close to the union.

The vice president of the Polish Commercial Bank yesterday denied reports that Moscow recently helped the Poles meet interest payments due Western banks and indicated that he did not expect Soviet funds in the near future. The bank officer informed [redacted] that at the end of 1981 Poland still was \$250 million short. [redacted]

The debt rescheduling agreement between Poland and Western banks called for all interest due through 14 December to be paid. On that date Poland indicated it was still unable to provide \$350 million of the amount due. Warsaw apparently paid about \$100 million in the final week of December, and additional payments have been reported by banks in the past few days. [redacted]

The patience of the Western banks determines how long Warsaw has to meet the remainder of its obligations. Poland has avoided default despite failing to meet several deadlines and conditions set by the banks, but the risk increases that a single creditor will declare default. [redacted]

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Warsaw's most immediate financial problem is to wrap up the private debt rescheduling agreement for 1981, but even if that is concluded Poland still will be technically in default. Negotiations for debt relief from Western governments and banks for 1982 have not yet begun. [redacted]

Government-Union Discussions

Polish radio yesterday reported that the government was holding talks with Solidarity "activists." It is unlikely that any of the union's prominent leaders before martial law were involved. The regime, however, has had some success in finding lower level union officials who are willing to recant. [redacted]

The government probably hopes to confuse the population with such reports and may be thinking of creating a new but passive Solidarity. Warsaw also has formally abolished the Independent Student Organization, Solidarity's equivalent on campus. [redacted]

Military Activity



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Soviet forces in and around Poland are conducting seasonal training activity.

Soviet Commentary

According to Moscow Radio, Polish Foreign Minister Czyrek will visit Moscow in the first half of this month. Since Czyrek probably cannot provide the Soviets additional insights concerning the present situation, the purpose for the trip may be only to continue a long tradition of formal bilateral exchanges held at this time of year.

In an article commemorating the 40th anniversary of the birth of the Polish Communist Party, *Pravda* yesterday again reminded Premier Jaruzelski that the party's supremacy must at some time be restored. *Pravda* highlighted an earlier statement by Jaruzelski regarding the special role of the party under martial law and pointedly employed his party title.

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